

PART III – MONITORING STANDARDS

MONITORING STANDARDS AND PROCEDURES

Overview

CTED executes contracts with all grant recipients and these contracts list the program requirements. CTED monitors its grant recipients for compliance with specific program requirements and also areas such as general management, performance goals, financial management, data collection and reporting, eligibility determinations, nondiscrimination, program outreach, timely reporting, coordination with other programs, and inspection of completed units. Monitoring will consist of both desk and on-site reviews.

Primary Goals

CTED has four primary goals while monitoring programs and projects:

1. Ensure accomplishment of service or product.
2. Ensure accountability of public funds and minimization of risk.
3. Ensure compliance with federal and state requirements.
4. Evaluate organizational and project performance for a specific time period.

These goals apply to all programs and services, including HOME, CDBG, Emergency Shelter Grant Program, Housing Opportunities for Persons With AIDS, and the Emergency Shelter Assistance Program.

HOME Monitoring Plan

Each of the programs funded by the HOME grant will establish specific policies, procedures, and tools to perform on-site and desk monitoring. Basic standards for each program, include:

HOME Repair and Rehabilitation Program

- Contractors are responsible for quality assurance of all work and must perform a final inspection on 100 percent of all housing units worked on.
- CTED will conduct inspections of a random sample of units improved. The sample will be based on number of units improved and nature of problems found.

- Technical assistance, the primary purpose of all site visits, will be provided based on monitoring findings.
- Trip (or compliance) reports will be written and provided to agencies within 21 working days of a site visit.
- Contractors are responsible for correcting and reporting deficiencies within 30 days of receiving the trip report.

HOME Rental Housing (Moderate and Substantial Rehabilitation; New Construction)

Perform on-site inspections of HOME-assisted units in rental housing developments no less than:

- Every three years for projects of one to four units,
- Every two years for projects with five to 25 units, and
- Annually for projects with 26 or more units.

HOME Tenant-Based Rental Assistance (TBRA)

Perform annual desk monitoring of contractors to ensure completions of on-site inspections of rental housing occupied by tenants receiving HOME-TBRA.

The following procedures and standards apply to HOME Rental Housing, ADDI homeownership and TBRA activities.

- Perform an annual risk assessment on each program and/or project funded with HOME and ADDI monies. The risk assessment will identify which funding recipients require comprehensive monitoring. High-risk funding recipients include those that are:
 - New organizations to the HOME program.
 - Experiencing turnover in key staff positions, such as executive director and chief financial officer.
 - Repeated past compliance or performance problems.
 - Undertaking multiple HOME-funded activities for the first time, such as rental projects and TBRA, and
 - Not submitting timely documentation, such as annual reports and/or requests for reimbursement.
- Conduct desk reviews at least annually. The annual performance report will be reviewed and the activities reported will be compared with the original contract and purpose of the program, along with any subsequent amendments.
- Take appropriate corrective action in situations of noncompliance in conformance with contract terms and conditions. Generally, the following intervention stages will be used:

Stage 1 – Low-level intervention will include one or more of the following actions:

- Clearly identify problem areas and required corrective action.
- Plan a strategy with the contractor that includes any training or technical assistance that may help to address identified problems;.
- Require more frequent or more thorough reporting by the Contractor; or
- Conduct more frequent contractor monitoring reviews.

Stage 2 – Moderate-level intervention may be attempted after the Stage 1 level and will include one or more of the actions referred to in the suspension actions sections of the appropriate contract.

Stage 3 – High-level intervention, the most serious actions available, may be taken to put an end to noncompliance problems. Such steps may include the following:

- Suspending the contractor from HFU program eligibility;
- Termination of the contractor's contract for the project;
- Legal action, to include foreclosure of the project property in question.

Emergency Shelter Grant Program (ESGP) and Housing Opportunities for Person with AIDS (HOPWA) Monitoring Plan

Perform on-site monitoring for HOPWA and ESGP contractors every three years. Desk monitoring of contractors will be performed every two years.

- Monitoring will be conducted using a standardized monitoring instrument and will be documented in the appropriate monitoring file.
- Instances of noncompliance will be corrected immediately. When such immediate correction is not feasible, the agency will correct such deficiencies within 30 days, providing CTED with copies of supporting documents demonstrating the corrective action taken. Additional time for corrective action may be allowed, on a case-by-case basis.
- A risk analysis will be performed annually based upon the data reported in annual performance reports. The analysis will also include, but not be limited to, audit reports, evidence of key staff turnover, timeliness of billings and other reporting requirements.
- Agencies determined to be at a high level of risk for fund accountability and program compliance will be scheduled for monitoring within the next 6 to 12 months.
- Instances of noncompliance will be recorded and reported as necessary to members of the CTED Housing Division and other CTED Divisions, which may be funding other programs, administered by the agency in question.
- Once an agency has fully complied with program requirements and can be categorized at a lower level of risk, monitoring may then revert to the regular schedule.

Community Development Block Grant (CDBG) Monitoring Plan

The CDBG program seeks to ensure that all funded projects are successful. From the time an application for assistance is received to final closeout of the contract, the CDBG program assesses a project for the value it will add to the community, documents how it will meet a national objective and monitors for compliance with federal and state requirements.

Initially, an application for assistance must pass through the CDBG threshold review process to determine that the proposed activity is eligible, has local government support and meets basic criteria. Then the application passes through the rating and selection process, which objectively assesses the need, capacity, readiness and results. Once these reviews are met, the CTED and the local government establish a contract that defines scope, schedule, budget and expected outcomes of the project. This contract meets CTED contracting standards.

CDBG funds a wide range of projects and has determined the following monitoring plan based on the type of project funded and the risk associated with non-construction or construction projects:

- Non-construction projects at a minimum will be desk monitored over the life of the contract following the monitoring standards and procedures set forth in the CDBG Non-Construction Grant Handbook.
- Construction projects at a minimum will be monitored on-site at least once during the contract period.
- Construction projects will be desk monitored at critical stages of the project, including environmental review's request for release of funds, procurement of contractors, and initial labor standards package review.
- Project managers will identify a prioritized monitoring schedule in the electronic Project Management Report system, listing the anticipated or actual monitoring dates for each open CDBG contract.
- All CDBG grantees will be monitored once prior to a contract being administratively closed.

HUD representatives may also conduct monitoring visits to assure that grantees are carrying out their programs in accordance with applicable laws and regulations.

Monitoring standards and procedures for CDBG contracts are set forth in Section 15 of the CDBG Management Handbook and Section 10 of the CDBG Non-Construction Handbook.

Management workshops are offered a minimum of once a year for all new and current CDBG grant recipients. Workshops are usually held at sites on both the east and the west sides of the state.

Technical assistance on all aspects of CDBG performance and compliance issues is available upon request.

The CDBG staff objectives for monitoring are to determine if grantees are:

- Carrying out their CDBG-funded activities as described in their contracts (as modified or amended);
- Carrying out the program or project in a timely manner in accordance with the schedule included in the CDBG contract;
- Charging costs to the program or project which are eligible under applicable regulations;
- Complying with other applicable laws, regulations and terms of the CDBG contract;
- Conducting the program in a manner which minimizes the opportunity for fraud, waste and mismanagement; and
- Have a continuing capacity to carry out the approved program or project and meet record retention requirements.

The areas monitored may include:

- Overall Management System, Record Keeping and Progress in Activities
- National Objectives
- Environmental Review
- Financial Management
- Property Management
- Procurement
- Efforts to Use Small, Minority- and Women-Owned Businesses
- Labor Standards
- Non-Construction Contracts between Grantees and Consultants
- Subrecipients
- Civil Rights
- Acquisition/Relocation
- Housing Rehabilitation and Lead-Based Paint
- Citizen Participation

When a grantee is found to be out of compliance, CDBG staff will identify a specific period of time in which compliance should be achieved. Usually the grantee will have 30 days to correct deficiencies. Copies of supporting documentation demonstrating

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that corrective action has been taken will be required. Additional time for corrective action may be allowed on a case-by-case basis. Failure by the grantee to correct deficiencies may result in funds being withheld, sharing of the noncompliance findings with other CTED programs and divisions, and possible restrictions on future grants.⌘